

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS**



Public Hearing
On

Fiscal Year 2021 Budget Hearing

Testimony of
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Director
Department of Consumer and Regulatory Affairs

Before the
Committee of the Whole
Council of the District of Columbia
The Honorable Phil Mendelson, Chairman

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12:00 pm

Good morning, Chairman Mendelson, Councilmembers, and staff. I am Ernest Chrappah, the Director of the Department of Consumer and Regulatory Affairs (DCRA). I do hope that all of you and your families are safe and healthy during these uncertain times. I am here, virtually, this afternoon to testify on the Fiscal Year 2021 Budget for DCRA.

Last week, Mayor Bowser presented the DC HOPE (Health, Opportunity, Prosperity, Equity) Budget for fiscal year 2021 (FY 2021), which will mark the District's 25th consecutive balanced budget. This year's budget has taken into account the estimated loss of revenue due to the COVID-19 pandemic, but continues to push ahead with the Mayor's priorities of providing a more equal and equitable place to live and work for District residents.

As part of the Bowser Administration, and as a District resident myself, I would like to thank the Mayor, her senior staff, and all District government employees for continuing to fulfill the commitment of providing residents with an equal and equitable place to call home, no matter one's socio-economic position. This charge is especially needed as we are in the midst of dealing with and recovering from the effects of the COVID-19 pandemic. Given our mission, DCRA is an integral part of the District's work to create a level playing field, particularly in the areas of protecting consumers, helping residents start and grow businesses, and ensuring that additional housing units are built safely and quickly.

When I became Director of this agency, I made a commitment to you, and to the residents of the District, that DCRA was going to make a huge push to provide world-class customer service by improving accountability, transparency, and responsiveness, while also digitalizing the agency to better position ourselves in this ever-changing world. We put together a strategic plan to overhaul the agency by the end of the 2020 calendar year, and I am proud of the work we've

accomplished thus far and know that we are actively working towards completing all of our goals by year's end.

Over the last year we've focused relentlessly on improving the agency's customer service and responsiveness to our residents and customers, something that has come up at previous hearings before the Council. After piloting an online customer management system for almost a year, we have now fully transitioned to an enterprise Customer Relationship Management system called KRM. Under this system, whenever a customer contacts DCRA, whether by phone, email, through our website, or via social media, the issue is automatically logged into our system and routed to the appropriate division or team member. For those who haven't tried it, I'd encourage you to check out the new live chat feature on our website that connects people with our staff in real-time during regular business hours. Regardless of the customer's entry point, as soon as they contact us, the clock starts. Our staff is required to respond and resolve a customer's issue within three business days or less—something that is reflected in the performance plan of every DCRA employee. Some issues are obviously more complex and require numerous follow-ups over a longer period of time, but we are committed to getting a resolution underway immediately. And I am proud to share that of the more than 43,000 inquiries we've handled over the past four months, 95 percent of inquiries were resolved in three days or less. Getting customer feedback to understand how well we delivered our customer service is essential in our effort to further improve customer service delivery. With this in mind, once an inquiry has been closed, we now send our customers a short survey to rate their experience with the agency as poor, satisfactory, or excellent, and then explain why. In April of this year, 57 percent of customers rated their interactions with DCRA as "excellent", while 20 percent rated their experience as "satisfactory". While we are working toward even higher satisfaction levels, I am pleased to say that even during these

challenging times, we are providing nearly 80 percent of our customers with “satisfactory” or “excellent” service.

I’d like to take a moment now and give you the chance to hear from some of our customers in their own words, all of which was filmed over the last week. *[play video]*

Knowing that some issues are highly complex and require coordination within various divisions of DCRA, as well as with our sister agencies, we’ve also now set up an account management system, with an account manager assigned to each ward. Our account managers work closely with Council staff, ANCs, and the residents and businesses within their wards to keep an open line of communication and solve problems.

Part of good customer service is also staying nimble and adapting to changing circumstances. Within days of Mayor Bowser declaring a public health emergency in the District, DCRA was able to fully transition to providing all of our services digitally. This includes processing applications and renewals for business licenses, approving plan and permit reviews, issuing Certificates of Occupancy, scheduling and conducting inspections, maintaining a robust enforcement presence, and converting previously planned in-person events to virtual events. Last month, DCRA successfully completed 97.8 percent of permit plan review in ProjectDox in 30 days or less; issued over 3,500 permits; conducted more than 1,050 construction inspections; and processed 94 percent of new business licenses within one day. This is a testament to the great work of our staff and shows how the investments we’ve made in technology have paid off.

In the face of this pandemic, while other government agencies throughout the country that perform similar functions to DCRA have struggled, DCRA hasn’t missed a beat. According to a national survey conducted by the International Code Council, 40 percent of agencies across the country do not have the capability to perform electronic or remote plan reviews: DCRA does.

Thirty percent of these agencies do not have the capability to perform electronic or remote permitting: DCRA does. Sixty-one percent of these agencies do not have the capability to conduct remote inspections: DCRA does. Simply put, our focus on digitization has positioned the District very well for the current environment.

As you can imagine, at the start of this crisis, many tenants were worried about DCRA inspectors entering their homes to conduct housing inspections. To balance this very real concern with the need to ensure that landlords maintain safe housing conditions, our inspections team quickly transitioned to conducting virtual inspections. Using their phones, tablets, or computers, tenants simply show our inspectors around their apartments, which gives us the documentation we need to take enforcement action. Naturally, some residents have had questions about the technology involved. In response, we're now hosting building-wide virtual town halls in buildings that are scheduled for proactive inspections. Our enforcement team walks residents through the types of issues inspectors commonly find, encourages residents to sign up to have their units virtually inspected, then explains, step-by-step, how the virtual inspections will be conducted and answers questions.

Throughout all of this, our staff has been resilient. With the exception of a handful of employees who still need to work in the field, such as our abatement team, everyone else is now working remotely. Every weekday, I hold an all-staff WebEx meeting to provide updates and answer questions. These meetings, along with our project management and team collaboration software, have allowed us to stay connected and productive. Our culture change initiative also remains fully active, with virtual one-on-one career counseling sessions for employees, and a range of tailored training sessions to meet the unique needs of specific teams. Far from slowing down, since the start of the pandemic, DCRA has launched two major new products for our customers:

AccessDC and Scout. For those not familiar, AccessDC allows residents to create a single account to access all of DCRA's online systems, while also being more secure; and Scout is our new consolidated database system that streamlines property and business data, allowing residents to more easily track permits, licenses, regulatory information, and other useful District data.

In response to concerns that DCRA is not acting quickly enough to stop illegal construction in the District, we have developed new approaches that include the use of technology and other resources to decrease response times for illegal construction complaints. I'm pleased to share that we have made significant gains in our response times for illegal construction complaints. During the second quarter of FY19, we responded to illegal construction complaints in less than two days 44 percent of the time; but during the second quarter of FY20, we responded to complaints and conducted an inspection in less than two days 67 percent of the time. This allows us to catch more bad actors, and then add them to our growing database of bad actors, which are grouped by LLC, as well as location. With respect to housing code violations, we've continued to improve our proactive inspections program. Working with Georgetown University, we developed an algorithm that takes into account factors like a building's age and the landlord's history of code violations to target where we send our inspectors. The team working on this algorithm has considered factors such as age of the building and the history of that particular landlord, which will allow us to focus on buildings with an increased likelihood of violations. And as part of our work to increase transparency, using our agency's dashboard, the public can look at apartment buildings and see how many housing violations have been issued, and of those violations, how many repairs have been made. That's valuable information for a prospective tenant, arming them with information about bad landlords before they ever sign a lease.

Budget Overview and Proposed Improvements:

Let me now highlight the Mayor's proposed FY 2021 budget and our budget priorities. Overall, DCRA's FY 2021 total budget is \$73.7M, which is a \$1.1M decrease from \$74.8M in FY 2020. With no capital funding in FY 2021 from the six-year Capital Improvement Plan, the operating budget proposal of \$73.7M reflects an 8.67 percent operating budget increase from FY 2020, with one additional full time employee (FTE). The proposed local budget of \$27.5M is a 0.12 percent increase of \$32,000. This amount reflects additional resources for consumer protection, community outreach, and the removal of nearly \$1.9M for one-time contracting and document digitizing costs. As part of our budget, Mayor Bowser prioritized \$200,000 to improve our customer complaints management system; something we committed to in the wake of the tragic Kennedy Street fire. These funds will allow DCRA to shore up how we track and manage complaints and tips; especially those that require multiple site visits and administrative search warrants. This investment will also help us better track potential unlicensed rental properties, bad actors, and prevent them from continuing to do business as landlords in the District.

The proposed Special Purpose Revenue budget of just over \$46M reflects a 14.14 percent increase from FY 2020. Approximately 71 percent of this increase, about \$4.1M, is allocated for the Accelerated Plan Review program to continue our commitment to deliver permits faster to our customers. The remaining increase is mainly allocated for abatement and proactive inspection contracts, resources for the OPLA boards and commissions, as well as personnel step increases and other adjustments. There is also an intra-District budget increase of \$148,744 for a Solar Coordinator, funded by the Department of Energy and Environmental (DOEE), for solar plan reviews.

As you know, the COVID-19 pandemic has impacted the District's revenue and we will need to leverage our existing resources in order to meet increasing needs in several areas. In the area of property abatements for example, this will mean prioritizing cases with the greatest need. Comparing our revised FY 2020 budget for abatement with that of the upcoming fiscal year, there is not an increase. We understand that the issue of abatement has become an increasing problem for tenants whose landlords have failed to provide living conditions that are safe and secure for their tenants. That is why DCRA strongly advocates for the Council to reengage on Bill 23-14, the "Landlord Accountability Through Expedited Receivership Amendment Act of 2019", which was submitted by Mayor Bowser on January 7, 2019. This bill gives agencies like DCRA the ability to take action against a negligent property owner in Superior Court so that a receiver can be appointed and funds can be acquired to properly abate the property. Receivership under the aforementioned bill and subsequent plans to abate would be closely monitored by the Superior Court to ensure the successful execution of the landlord's abatement of the housing code violations. This bill would also grant the court authority to order the property owner to cover the costs of abating the violations, reimburse the District government for any abatement that the District has already performed, and pay the fees associated with displacing tenants.

As part of the Budget Support Act, I am excited to share that the agency will be creating an online marketplace that will digitize, simplify, and improve accountability of the third-party construction inspection process. Once the marketplace is live, builders will be able to view all certified third party inspection operators in one place, and then book an inspection based on availability and price. The goal is to make the whole process easier to use, while providing DCRA with greater transparency and oversight. Transactions occurring on the platform will be subject to

a small transaction fee, which, over time, will support the District's final plan, create new economic opportunity, and pay for the maintenance of the marketplace.

Conclusion

Throughout my tenure as the Director, I am reminded that DCRA's charge is to continue to foster growth and development in the District and ensure tenants have safe housing, while expanding opportunity and promoting innovation for more than 57,000 businesses and 700,000 residents. With this year's budget, and the Mayor's steadfast and unwavering support of DCRA, we will continue to do just that in a more streamlined, efficient manner without sacrificing quality, responsiveness, or results. Our agency will build on the successes of last year with one eye looking towards the future and the other cognizant and humbled by past shortcomings. We believe the investment and support shown by the Mayor, with the Council's partnership, will lead to even more achievements and successes.

Thank you for the opportunity to testify today. I look forward to answering any questions you may have.